

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 SS-15 NSC-10 L-03 PA-03

PRS-01 USIA-15 DRC-01 /105 W  
----- 018284

R 201844Z SEP 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7551

INFO AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION NATO BRUSSELS

USMISSION BERLIN

C O N F I D E N T I A L SECTION 01 OF 02 BONN 13657

E.O. 11652: GDS

TAGS: PGOV, ETRN, WB, GW, UK

SUBJECT: CIVAIR-BEA THREAT TO WITHDRAW FROM IGS

REF: (A) STATE 177253; (B) BERLIN 1576

SUMMARY: EMBASSY AGREES GENERALLY WITH BERLIN'S  
OBSERVATIONS ON BEA'S THREAT TO WITHDRAW. IN  
PARTICULAR, WITH REFERENCE PARA 4 REFTL, WE AGREE  
THAT A RELAXED APPROACH TO IDEA THAT BRITISH ARE  
SERIOUS IN THEIR PLAN TO WITHDRAW FROM IGS IS PROBABLY  
THE MOST USEFUL BARGAINING STANCE FOR US. WHILE  
AVOIDING GIVING IMPRESSION OF NOT CARING WHETHER  
BEA DOES WITHDRAW, WE THINK IT WOULD BE IN OUR  
INTEREST TO INDICATE TO BRITISH THAT WE WOULD  
SEE NO GREAT DAMAGE TO WEST BERLIN VIABILITY IF  
BEA WERE TO WITHDRAW OR REDUCE SUBS TANTIALY PRESENT  
LEVEL OF PARTICIPATION, AND THAT WE BELIEVE PAN AM  
WOULD BE CAPABLE PROVIDING ADEQUATE CAPACITY FOR  
IGS TRAFFIC. END SUMMARY

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1. AS TO UK INTENTIONS, IT APPEARS TO US THAT WHAT BEA ACTUALLY DESIRES IS TO MOVE IGS TOWARD TYPICAL PATTERN OF INTRA-EUROPEAN AND DOMESTIC ROUTES: POOLING, LOW CAPACITY AND FREQUENCIES, HIGH FARES AND HIGH LOAD FACTORS. THIS IS WAY THEY ARE ACCUSTOMED TO OPERATING AND ON THAT KIND OF BASIS WE PRESUME THEY WOULD BE QUITE READY TO REMAIN IN IGS. FROM US VIEWPOINT, EMBASSY AGREES WITH BERLIN THAT POLITICAL ADVANTAGES OF BEA'S MAINTAINING A FULL REPEAT FULL LINE OF SERVICES TO BERLIN ARE NOT WORTH PAA PAYING A HIGH PRICE. OUR ASSESSMENT OF LIKELY UK INTENT NOT TO ABANDON BERLIN SERVICES ENTIRELY IS SAME AS USERS: WE BELIEVE THEY WOULD WISH TO MAINTAIN LONDON AND PERHAPS OTHER SERVICES. IN FACT, WE FIND IT RATHER SURPRISING THAT BEA HAS NOT COME UP WITH PROPOSALS OF ITS OWN FOR SERVICES TO WESTERN CAPITALS AND BELIEVE THIS PROBABLY STEMS FROM UNIMAGINATIVE MANAGEMENT AND BUREAUCRATIC THINKING.

2. AS BERLIN NOTES, THERE ARE POTENTIAL DIFFICULTIES IF PAN AM WERE TO HAVE AN EFFECTIVE MONOPOLY OF IGS. ONE OF THE MOST SIGNIFICANT IS THAT AUTHORITY OVER PAN AM PROPOSALS AS TO FARES, FREQUENCIES, ETC., ALTHOUGH LEGALLY REMAINING WITH THE WESTERN ALLIES IN CONSULTATION WITH THE FRG, WOULD IN PRACTICE TAKE ON MORE OF AN FRG/US CHARACTER. WE WOULD EXPECT THIS TO COMPLICATE THE FURTHERANCE OF PAA'S COMMERCIAL IGS INTERESTS WITH THE FRG AND THE SENAT IN THE BCATAG CONTEXT. FURTHER, POSSIBLE TIE-INS BY THE FRG OF US/FRG BILATERAL CIVIL AVIATION ISSUES WITH PANAM'S BERLIN OPERATIONS COULD NOT BE DISCOUNTED.

3. A VIRTUAL PAA IGS MONOPOLY COULD AFFECT PAA'S POSITION WHEN FACED WITH THE EVENTUAL REQUIREMENT OF WINDING DOWN ITS IGS COMMITMENT. PAN AM VICE PRESIDENT LOY, IN CONVERSATIONS WITH THE AMBASSADOR AND OTHERS HERE, HAS REITERATED THAT PAN AM HAS NO ILLUSIONS AS TO ITS LONG-RANGE PROSPECTS ON THE IGS. LOY HAS STRESSED THAT A MAJOR CONSIDERATION FOR PAN AM IS THAT WHEN LUFTHANSA IS ABLE TO OPERATE TO CONFIDENTIAL

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BERLIN, PAN AM WOULD NOT WISH TO TAKE AN AGGRESSIVE COMPETITIVE STANCE, BUT INSTEAD WOULD WISH TO ASSURE AN ORDERLY TRANSITION IN WHICH PAN AM IS ABLE TO WITHDRAW FROM THE IGS WITHOUT LOSSES.

4. GUAGING FROM REFTTEL B, EMBASSY NOTES THAT BERLIN DOES NOT SEEM TO BE UNDULY CONCERNED AT POSSIBILITY OF TEMPELHOF BEING WITHOUT SIGNIFICANT CIVILIAN

TRAFFIC. THE EMBASSY BELIEVES FOR ITS PART THAT A  
SHIFT OF REGULAR CIVIL AIR SERVICES FROM TEMPELHOF TO  
TEGEL WOULD NOT BE A MAJOR LOSS IN TERMS OF US  
PRESTIGE AND PRESENCE IN BERLIN. EVEN WITHOUT A BEA

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USMISSION NATO BRUSSELS

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 13657

WITHDRAWAL FROM IGS, GERMAN THINKING AT PRESENT ON  
THE DIVISION OF BERLIN AIR TRAFFIC BETWEEN TEGEL  
AND TEMPELHOF SEEMS TO BE POINTING MORE AND MORE  
TOWARD A MOVE OF THE ENTIRE IGS TO TEGEL (SEPT  
TO FOLLOW). HOWEVER, A TEMPELHOF WITHOUT CIVIL  
TRAFFIC MAY POSE FINANCIAL PROBLEMS FOR THE SENAT,  
THE FRG, AND PERHAPS FOR THE AIR FORCE . MAINTENANCE  
OF SOME GROUND AND NAVIGATIONA L FACILITIES AT  
TEMPELHOF, USED JOINTLY BY THE AIR CARRIERS AND THE  
US FORCES, HAS BEEN FINANCED IN PART BY FEES PAID  
BY THE CIVIL CARRIERS.

5. EMBASSY RECOMMENDS THAT IN THE WASHINGTON DISCUSSIONS WITH THE BRITISH, IN LINE WITH BERLIN'S VIEWS, WE OFFER NO MAJOR CONCESSION TO KEEP BEA IN THE IGS (SUCH AS POOLING) WHICH WOULD SHIFT PART OF PAN AM REVENUES TO BEA. ON BALANCE, HOWEVER, IF THE BRITISH CAN BE PERSUADED TO KEEP BEA IN THE IGS  
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AT NO COST TO PAA, WE BELIEVE THERE CONTINUE TO BE BOTH POLITICAL AND TACTICAL ECONOMIC ADVANTAGES IN BEA PARTICIPATION AT SOMEWHERE NEAR ITS PRESENT LEVEL. IF THIS DOES NOT WORK OUT, WE COULD ACCEPT THE IDEA OF PANAM'S OPERATING THE IGS ALONE AND WE ASSUME THAT AT SOME POINT THE DEPT WILL WISH TO SOUND OUT PANAM ON THIS POSSIBILITY. IN GENERAL, WE BELIEVE ANY MAJOR REVIEW OF BERLIN CIVIL AIR POLICY WOULD BE MORE USEFUL AFTER THE MATTER OF LUFTHANSA'S LANDING AT TEGEL EN ROUTE TO MOSCOW HAS BEEN DISCUSSED WITH THE SOVIETS, AND THE FRG IS WELL INTO ITS CIVIL AIR DISCUSSIONS WITH THE GDR. AT THAT TIME, WE SHOULD HAVE A BETTER IDEA OF THE POSSIBLE FUTURE ROLE OF LUFTHANSA IN BERLIN, WHICH IS A KEY ELEMENT IN THE LONG-RANGE PICTURE.

HILLENBRAND

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 SEP 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973BONN13657  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS HILLENBRAND  
**Errors:** N/A  
**Film Number:** n/a  
**From:** BONN  
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**Office:** ACTION EB  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** (A) STATE 177253; (B) BERLIN 1576  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 31 JUL 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <31-Jul-2001 by boyleja>; APPROVED <18-Sep-2001 by morefirh>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CIVAIR-BEA THREAT TO WITHDRAW FROM IGS  
**TAGS:** PGOV, ETRN, WB, GE, UK  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005